

**BEFORE THE
PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NOS. 2021-143-E & 2021-144-E

In the Matters of:)
)
Application of Duke Energy Progress, LLC)
for Approval of Smart Saver Solar as)
Energy Efficiency Program)
)
Application of Duke Energy Carolinas,)
LLC for Approval of Smart Saver Solar as)
Energy Efficiency Program)
_____)

**REBUTTAL TESTIMONY OF
LEIGH C. FORD FOR DUKE
ENERGY PROGRESS, LLC AND
DUKE ENERGY CAROLINAS, LLC**

I. INTRODUCTION AND SUMMARY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Leigh Ford, and my business address is 1201 Main Street, Suite 1180, Columbia, South Carolina 29201.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I have been engaged by Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and together with DEC, the “Companies”) as a consultant and I support the Companies’ regulatory and legal teams in the implementation of S.C. Act No. 62 of 2019’s (“Act 62”) new net energy metering (“NEM”) requirements.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor’s Degree in Communications from Lenoir-Rhyne University in 2002. I joined the South Carolina Office of Regulatory Staff (“ORS”) in 2007 and served in a variety of positions, including a Rates and Regulatory Analyst, Manager of Electric Regulation, and as the Deputy Director for Electric and Natural Gas Regulation, through 2016. Prior to joining ORS, I was a Field Service Representative with the South Carolina Budget and Control Board. From 2016 – 2017, I was the Director of Strategy and Continuous Improvement for the South Carolina Department of Health and Environmental Control. From 2017 – 2019, I was employed by Proactive MD, first as the National Director for Operational Strategy and Processes and then as Associate Vice President for Marketing and Communications. I have served in my current role with the Companies since August 2019.

1 **Q. HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF**
2 **SOUTH CAROLINA (THE “COMMISSION”) IN ANY PRIOR PROCEEDINGS?**

3 A. Yes, I have testified before the Commission on numerous occasions on behalf of ORS,
4 including rate cases involving DEC, South Carolina Electric & Gas Company (“SCE&G”),
5 and Lockhart Power Company, and annual fuel reviews for DEC, DEP, and SCE&G. I
6 also testified in proceedings related to the Distributed Energy Resource Program Act of
7 2014 (“Act 236”), including the NEM value of solar methodology and the investor owned
8 utilities’ applications to develop Distributed Energy Resource (“DER”) Programs. I also
9 presented in an allowable ex-parte briefing regarding renewable resources and their role in
10 South Carolina’s electric generation portfolio. Most recently I provided testimony to the
11 Commission in Act 62-related dockets, including Docket No. 2019-182-E, which is the
12 generic docket established by the Commission in which the Companies presented an
13 evaluation of the current NEM programs established under Act 236 and the Companies’
14 establishment of Solar Choice Metering Tariffs in Docket Nos. 2020-264-E and 2020-265-
15 E.

16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

17 A. The purpose of my rebuttal testimony is to address important distinctions between lost
18 revenues associated with the Companies’ DER programs and net lost revenues (“NLR”) as
19 described in the Companies’ energy efficiency (“EE”)/demand side management (“DSM”)
20 mechanisms approved in Order Nos. 2021-32 and 2021-33 (the “Mechanisms”).
21

II. PROGRAM OVERVIEW

Q. PLEASE EXPLAIN THE ERRORS IN ORS'S ARGUMENT REGARDING NLR.

A. ORS Witness O'Neil Morgan states that "it is ORS's position that cost recovery of NLR is not in compliance with S.C. Code Ann. § 58-40-20(I) of Act 62, which states:

Nothing in this section, however, prohibits an electrical utility from continuing to recover distributed energy resource program costs in the manner and amount approved by Commission Order No. 2015-914 for customer-generators applying before June 1, 2021. Such recovery shall remain in place until full cost recovery is realized. Electrical utilities are prohibited from recovering lost revenues associated with customer-generators who apply for customer-generator programs on or after June 1, 2021."

While Witness Morgan correctly cites a portion of Act 62, he neglects to acknowledge that this section specifically and exclusively addresses **DER** Program costs, which are related to programs that – in accordance with Act 236 – were designed to jumpstart the installation of distributed energy resources, including a NEM incentive. ORS Witness Morgan ignores the fact that the Companies are not proposing to recover lost revenues associated with Solar Choice Metering customers as contemplated in Order No. 2015-914 and S.C. Code Ann. § 58-40-20(I) and as they did with NEM customers in their DER Programs. Rather, the Companies are requesting approval of an EE program that provides for the recovery of NLR as limited to and defined by that which is provided for in S.C. Code Ann. § 58-37-20 and the associated Mechanisms.

Lost revenues associated with a 1:1 retail rate credit for NEM customers are recovered via the Companies' DER Programs and are entirely distinct from **NLR recovery** associated with EE/DSM programs, in accordance with S.C. Code Ann. § 58-37-20 and the EE/DSM Mechanisms. While Act 62 addressed existing net metering, the General Assembly did not make any modifications to any energy efficiency programs via Act 62.

1 **Q. PLEASE EXPLAIN LOST REVENUES ASSOCIATED WITH THE COMPANIES’**
2 **DER PROGRAMS IN MORE DETAIL.**

3 A. Pursuant to Order No. 2015-194, DEC, DEP, and SCE&G (now Dominion Energy South
4 Carolina) were to continue to provide a 1:1 retail rate credit for net energy metering
5 customers (“Act 236 NEM Customers”) and were to calculate and account for under- or
6 over-recovered revenues that occurred as a result of this rate credit. If there were under-
7 recovered revenues, the Companies were to recover these lost revenues via their DER
8 Programs.

9 In accordance with Order No. 2015-194, utilities were directed to use a specific
10 methodology to calculate “the net estimated under-recovered (**lost revenue**) or over-
11 recovered revenue (net benefit) from net metering customers under existing rate structures,
12 based on the Utility’s cost of service study within its last general rate case.” Order No.
13 2015-194 at 26, Docket No. 2014-246-E (Mar. 20, 2015) (emphasis added). Order No.
14 2015-194 provided a specific methodology for the accounting of NEM-related lost
15 revenues.

16 Lost revenues, as referenced in Order No. 2015-194 and in S.C. Code Ann. § 58-
17 40-20(I) of Act 62 refer to those revenues associated with providing the 1:1 retail rate credit
18 for Act 236 NEM Customers.

19 **Q. PLEASE EXPLAIN NLR AS APPROVED IN THE EE/DSM MECHANISMS.**

20 A. Pursuant to the EE/DSM Mechanism approved in Order No. 2021-32 (Docket No. 2013-
21 298-E), NLR are defined as the Companies’ “revenue losses due to new DSM or EE
22 Measures, net of fuel costs and non-fuel variable operating and maintenance expenses
23 avoided at the time of the kilowatt-hour sale(s) lost due to the DSM or EE Measures, or in

1 the case of purchased power, in the applicable billing period incurred by DEC, public utility
2 operations as the result of a new DSM or EE Measure.”

3 The approved EE/DSM Mechanisms also state that the Companies “shall be
4 permitted to recover, through the DSM/EE rider, NLR associated with the implementation
5 of approved DSM and EE Measure Units or Programs” and that “recoverable NLR shall
6 be calculated in a manner that appropriately reflects the incremental revenue losses
7 suffered by the Company associated with South Carolina customer participation in
8 programs, net of avoided fuel and non-fuel variable O&M expenses.” Recoverable NLR
9 will ultimately be based on kWh sales reductions and kW savings verified by the
10 Evaluation Measurement and Verification process and approved by the Commission.
11 Unlike recovery for Act 236 NEM Customers, EE NLR are only provided when there is
12 evidence of quantifiable savings for all customers resulting from an EE/DSM program.

13 **Q. DID ORS WITNESS MORGAN REGOGNIZE THE DIFFERENCE BETWEEN**
14 **NEM LOST REVENUES AND EE NLR?**

15 A. No. Witness Morgan completely ignores the critical distinction between NEM lost
16 revenues and EE NLR. NLR for EE/DSM programs are associated with the EE/DSM
17 program rather than the *source* of the savings, whether from a higher efficiency heat pump
18 or solar PV. Simply because reductions in energy consumption are achieved via the
19 installation of a solar PV system rather than the installation of another EE source, such as
20 an HVAC system, it does not negate the quantifiable benefits and savings for all customers
21 of EE/DSM programs. In accordance with the EE/DSM Mechanisms – which were
22 developed and supported as part of a settlement agreement with ORS – when there are

1 quantifiable savings from an EE measure, the Companies are entitled to recover up to 36
2 months of EE NLR.

3 Another distinction that Witness Morgan ignores is that NEM lost revenues are
4 calculated using the total generator output whereas EE net lost revenues only look at the
5 reduction in consumption. In other words, there is a significant difference between (1) lost
6 revenues based on NEM total generator output and (2) net lost revenues based on reduced
7 grid energy usage due to self-consumption, which the Commission has already found is
8 “equivalent to energy efficiency or demand-side management measures as a decrement to
9 system load.” Order No. 2021-569 at 9-10, Docket No. 2019-182-E (Aug. 19, 2021).
10 Additionally, EE NLR are adjusted for net found revenues¹ and there is no such adjustment
11 with NEM lost revenues. Finally, NEM lost revenues are recoverable from customers for
12 as long as a NEM customer receives the 1:1 retail rate credit, which could be more than 10
13 years. Comparatively, EE NLR are only recoverable for 36-months.

14 **Q. IS THE SMART \$AVER SOLAR AS EE PROGRAM DIFFERENT FROM SOLAR**
15 **CHOICE METERING?**

16 A. Yes. While ORS witnesses Morgan and Horii insinuate that the Companies’ Smart Saver
17 Solar as EE Programs (collectively, the “Program”) are the same as the Solar Choice
18 Metering tariffs, this is inaccurate. While being a Solar Choice Metering customer is a
19 requirement for enrollment in the Program, they are not the same. Solar Choice Metering
20 tariffs are available to all residential customers who install solar PV systems at their

¹ Net Found Revenues means increases in revenues resulting from any new activity by DEC’s or DEP’s public utility operations that causes a customer to increase demand or energy consumption net of any activities undertaken by the Companies outside of their approved energy efficiency programs that decreases customer demand or energy consumption.

1 residence, but not all Solar Choice customers are eligible for the Program as it is available
2 only to all-electric customers. Further, participants in the Program are also required to
3 participate in the Winter-focused BYOT Program. These eligibility criteria serve to build
4 upon the savings achievable by net metering customers by creating synergy between
5 demand-side programs that work together to reduce grid energy usage, an outcome that
6 ensures the greatest benefits for all of the Companies' customers.

7 **III. CONCLUSION**

8 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ABOUT THE**
9 **PROGRAM?**

10 A. I recommend that the Commission deny ORS's erroneous request to disallow the recovery
11 of EE NLR as provided by S.C. Code Ann. § 58-37-20 and the Mechanisms. Despite
12 ORS's confusion, the Program is consistent with the EE statute and the Commission-
13 approved Mechanisms, and the projected savings from the Program means that all of the
14 Companies' customers would save money through the Program's implementation. As
15 such, I believe the Commission should approve the Program, as outlined in the
16 Applications.

17 **Q. DOES THIS CONCLUDE YOUR PREFILED REBUTTAL TESTIMONY?**

18 A. Yes, it does.